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In the Supreme Court of the United States

OCTOBER TERM 1964.

No. 189.

THE FANNER MANUFACTURING COMPANY,
Petitioner,

vs.

PREFORMED LINE PRODUCTS COMPANY,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT.

BRIEF IN OPPOSITION.

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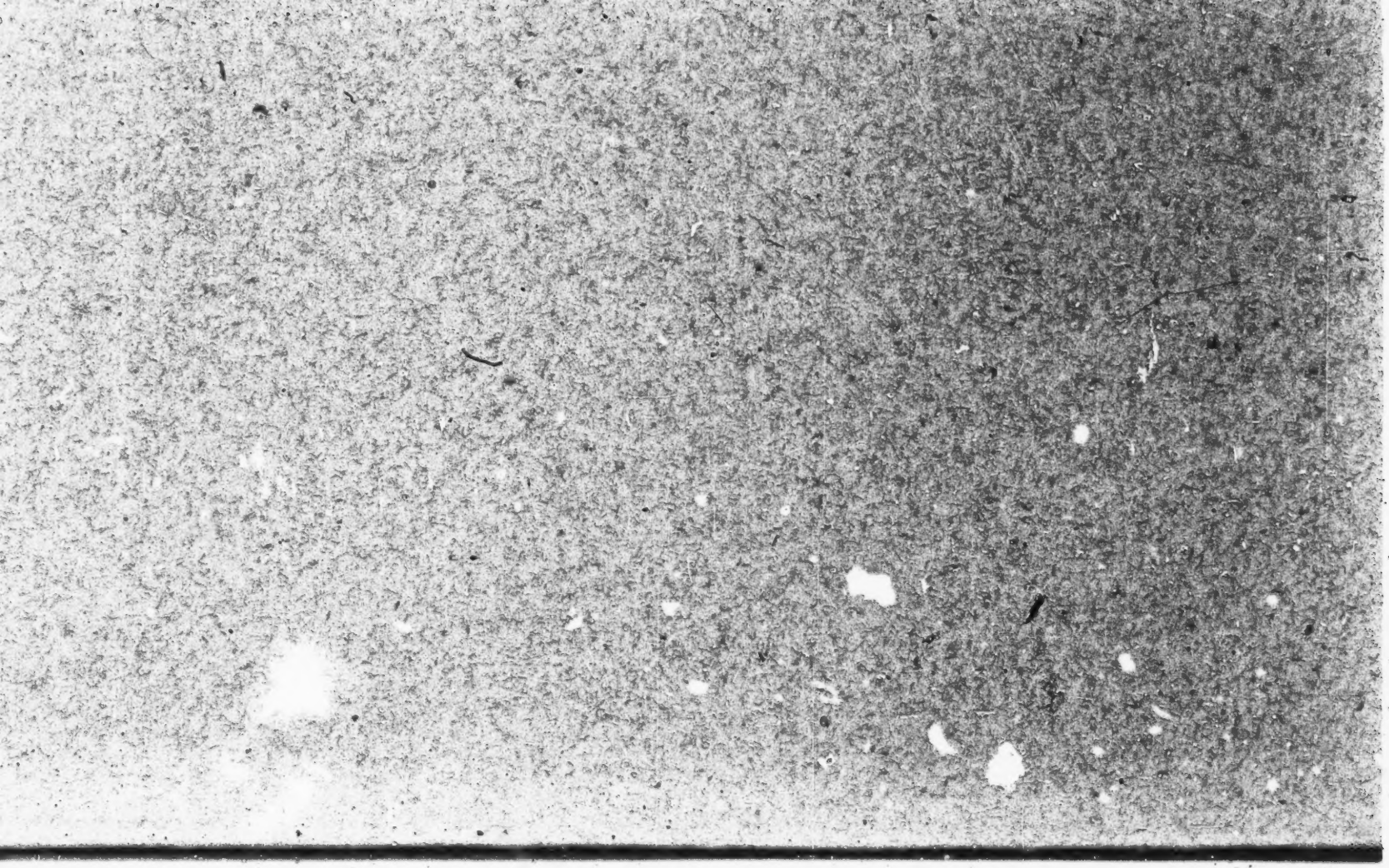

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BRIEF IN OPPOSITION.

QUESTIONS PRESENTED.

The questions presented by petitioner are spurious, not being raised by the facts of record:

1. The decisions below were not based upon "the mere passage of time, without recompense and restoration" (Pet., p. 2),* in holding the effects of respondent's patent misuse fully dissipated. The separate trial devoted solely to the purge issue lasted one full week (2a-3a). The District Court found that numerous affirmative acts were taken by respondent to purge itself (1-A to 3-A).

* The following abbreviations are used to refer to the Petition to this Court and the record below:

Pet., p: _ : The Petition for Writ of Certiorari.
____-A: The appendix to the Petition for Writ of Certiorari.
____a: Petitioner's appendix in the Court of Appeals.
____b: Respondent's appendix in the Court of Appeals.

Petitioner's theory of "recompense and restoration" is rendered moot by the holdings below that any consequences of the past misuse were fully dissipated even prior to the completion of respondent's purge, and by the further finding of the District Court that petitioner had not in fact been damaged (34-A to 36-A, 266a).

2. Respondent is not "selling an unpatented element" (Pet., p. 2). The untwisted form of dead end to which petitioner refers (see illustration, Pet., p. 11) is *patented, per se*, in claim 14* of Patent No. 2,761,273 (hereinafter called "Patent No. 4"). The Courts below found that petitioner's manufacture and sale of a device "identical with" respondent's resulted in "a clear case of contributory and direct infringement of the article and method claims in suit" (239a, 24-A).

STATUTES AND RULES INVOLVED.

If any authority is involved in petitioner's first question, it is Rule 52(a) of the Federal Rules of Civil Procedure, printed in the Appendix hereto at page 14. Even if it be assumed *arguendo* that the facts present petitioner's second question, that question is wholly resolved by 35 U. S. C. § 271, particularly subsections (b), (c) and (d) which provide:

> "(b) Whoever actively induces infringement of a patent shall be liable as an infringer.
>
> "(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or

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* Claim 14 covers the dead end in "untwisted" form and hence is used as an illustrative example throughout this brief, but respondent points out that claims 1, 3, 5, 6 and 8 through 15 were adjudged to have been infringed by petitioner (239a, 7-A).

especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

"(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement." (40-A.)

STATEMENT OF THE CASE.

Petitioner's statement is accurate* with the exception of the last paragraph on page 3 of the petition, which grossly misrepresents the basis upon which the Courts below found purge. Nowhere in the findings or opinions below did either the District Court or Court of Appeals base its decision of purge on "the mere passage of time alone." This expression has been invented since the Court of Appeals' adverse decision.

The District Court based its finding of purge on, *inter alia*, the following positive evidence of dissipation:

* Petitioner has devised several new expressions, not used in the patent in suit or by the witnesses, parties or Courts below, to refer to the dead end of Patent No. 4. Petitioner was forced to create such terms as "anchoring grips" (Pet., p. 3), "unwrapped helical grip" (Pet., p. 6) and "unpatented grips" (Pet., p. 8) to fit its fallacious theory of misuse. As noted *supra*, p. 2, the expression "unpatented grips" is directly contradicted by the holdings of both Courts below.

(a) Fourteen distributors of respondent, including joint distributors of respondent and petitioner, testified in person or by deposition (300a-04a, 342b-56b, 361b-404b). These witnesses included the managers of General Electric Supply Company's Portland office and Graybar Electric Company's Spokane office, the only locations specifically referred to in the District Court's original finding of misuse. Not one of these witnesses was aware that respondent had engaged in any tie-in or exclusive dealing practices; all denied that they had been affected by any such practices.

(b) Petitioner's witness, the sales manager of respondent's competitor, Indiana Steel & Wire Company, testified that he was unable to ascertain any effects of the alleged misuse against his company. (429b-30b.) This evidence demonstrates the fatuity of petitioner's complaint that Indiana was not "repaid one penny for its losses" (Pet., p. 9).

(c) Petitioner's witness, Dunn, a vice-president of Graybar, testified that he was not aware of the facts found by the District Court to constitute misuse against Graybar, nor of any pressure for tie-in sales since he took his job a year before (405b-06b, 415b-16b).

(d) In preparation for the purge trial, petitioner canvassed by letter its sales representatives throughout the United States for evidence of patent misuse by respondent and resulting injury to petitioner, but could not produce a single instance. Petitioner's Electrical Products manager testified:

"The Court: Have you obtained the information requested by you in your letter from any one?

"The Witness: No, I think we have not.
"The Court: Either in writing or orally?
"The Witness: That is correct." (360b.)

On the basis of the foregoing testimony and much additional evidence (275a-334a, 386a-427a, 308b-516b, 523b-35b), the District Court found:

"9. Neither the testimony of employees of the defendant or General Electric Supply Company or Graybar Electric Company or Indiana Steel and Wire Company nor any other proof before the Court at the time of the hearing of the purge issue on June 12 through June 15, 1961 indicated any continuing harmful effects or consequences of the past misuse of Patent No. 4 found and determined in the findings of fact incorporated in the Opinion of the Court dated January 6, 1960." (2-A to 3-A.)

The Court of Appeals approved this finding (34-A, 35-A). Petitioner unsuccessfully petitioned for rehearing on this identical issue (38-A).

The Court of Appeals stressed its affirmance of the District Court's holding that any effects of respondent's misuse had been dissipated:

"The plaintiff has attempted to fix its own date as to the time the purge was effected. It arrives at this date as the time that it discontinued its illegal practices. *That is only a part of the requirement for a purge.* The date of the discontinuance of illegal acts can be ascertained with a fair degree of certainty but the date when the consequences of such acts are dissipated cannot be determined with precision. *We think the time fixed by the trial judge for the dissipation of the consequences of the misconduct is fair and reasonable and not an abuse of his discretion.* See *Sylvania Industrial Corp. v. Visking Corp.*, 132 F. 2d 947, 958, C. A. 4. We agree with the trial judge's

conclusion on the issue of plaintiff's purge of its misconduct." (36-A.) (Emphasis added.)

Petitioner's assertion that respondent sells an unpatented product is erroneous. Claim 14* of Patent No. 4 describes and covers the dead end structure sold by respondent. This claim does not require that the legs of the dead end be intertwisted with each other or around a cable. Petitioner infringes this claim (7-A).

REASONS FOR DENYING THE WRIT.

The writ of certiorari should be denied because:

1. No error of law or fact was committed below in finding purge. The District Court required respondent to prove that it had *abandoned the practices constituting misuse of Patent No. 4 and that the consequences thereof had been fully dissipated. B. B. Chemical Co. v. Ellis,* 314 U. S. 495, 498 (1942). The evidence adduced by respondent met these requirements to the satisfaction of the District Court and the Court of Appeals. Neither Court based its decision "upon passage of time alone." Petitioner seeks to have this Court review a factual issue which three times has been determined against it.

2. Contrary to petitioner's assertion, the device sold by respondent is a "patented element." *Mercoid Corp. v. Mid-Continent Investment Co.,* 320 U. S. 661 (1944), which dealt with an "unpatented element," is clearly in-

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* The claim reads as follows: "14. A gripping device comprising a plurality of helices mutually conforming as to hand of lay, internal helical diameter, and pitch length, the latter two dimensions being such as to *admit of wrapping* the helices around a linear body from a side of the body into tightly gripping, encircling relation therewith, said helices being intertwisted into association coaxially with each other, and, as associated, defining a relatively straight linear body gripping portion and a curved bight portion at one end of said gripping portion." (175a.) (Emphasis added.)

applicable. If petitioner's submitted issue be assumed, *arguendo*, the product sold by respondent is totally incapable of any non-infringing use, and thus is obviously not a "staple article" of commerce, 35 U. S. C. § 271(c) (40-A). Hence, respondent's method of selling dead ends is affirmatively declared *not* to be misuse by 35 U. S. C. § 271(d) and *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U. S. __, 12 L. ed. 2d 457 (1964).

ARGUMENT.

Petitioner adequately describes the subject matter of Patent No. 4 but neglects to disclose that the dead end as sold by both parties, before the legs are intertwisted together, is (i) covered by claim 14 of the patent, (ii) "especially made and especially adapted for use in an infringement of" eleven other claims of Patent No. 4, and (iii) "not a staple article * * * of commerce suitable for" *any* non-infringing use (35 U. S. C. § 271(c), 239a, 7-A, 24-A).

I.

Both the District Court and the Court of Appeals understood and followed the well-delineated legal criteria laid down by this Court for purge of patent misuse. At the time the District Court initially found respondent guilty of misuse, it said:

> "* * * The denial of relief in the present action will continue until plaintiff is able to show that it has wholly abandoned its improper practices and that the consequences of such practices have been fully dissipated. *B. B. Chemical Co. v. Ellis*, 314 U. S. 495, 498." (264a-65a.)

When the District Court ruled that respondent would be permitted to introduce evidence of purge, its order was:

> "It is further ordered that the entry of judgment in this action be delayed pending determinations by this Court whether plaintiff has abandoned the practices constituting misuse of Patent No. 4 and whether the consequences of such misuse have been wholly dissipated." (270a.)

Part of the purge evidence and the District Court's factual finding with respect thereto are set forth *supra*, pp. 3-5. The District Court's first conclusion of law on this issue was:

> "1. Plaintiff has wholly abandoned its improper practices or misuse of Patent No. 4 since January 6, 1960, and the consequences of its past misuse were fully dissipated by June 15, 1961." (5-A.)

The Court of Appeals stated the applicable rule of law to be as follows:

> "Before the plaintiff is entitled to relief it must show that it has fully abandoned its illegal practices and that the consequences of those practices have been fully dissipated. *B. B. Chemical Co. v. Ellis*, 314 U. S. 495, 498. These issues present questions of fact. *United States Gypsum Co. v. National Gypsum Co.*, 352 U. S. 457, 465. Whether a purge has been effected under the facts of a given case is largely discretionary with the trial court. *United States v. United States Gypsum Co.*, 340 U. S. 76, 89; *International Salt Co., Inc. v. United States*, 332 U. S. 392, 400-401." (35-A.)

In short, the Courts below persistently followed the precise legal standard of purgation announced in the *B. B. Chemical* case and determined, as an issue of fact, that the consequences of the misuse had been fully dissipated.

Respondent agrees that ordinarily a court should not base a decision of purge "on the mere passage of time alone." But the evidence heretofore summarized and the

findings and conclusions of the Courts below make it crystal clear that neither Court rested its decision on that basis.

Petitioner's insistence on the test of "recompense and restoration" is absurd both in law and in fact. As a matter of law, petitioner is unable to cite any authority for this proposition. Even if such a test were proper, it would be inapplicable to the facts of this case where no one was injured by respondent's misuse.* Petitioner's counterclaim seeking damages for violation of Section 3 of the Clayton Act was dismissed by the District Court because petitioner had not "established 'the fact of damage'" (266a). Indiana Steel & Wire Company conceded that it suffered no injury (429b-30b). Dissipation is categorical from the fact that neither the diligence of petitioner nor the self-interest of other competitors of respondent could produce even one isolated instance of effects harmful in any way.

Petitioner is obviously attempting to concoct a "legal" issue out of a purely factual matter. The District Court, and the Court of Appeals on two separate occasions, found that respondent had established the fact of purge. This Court's ruling in *Graver Mfg. Co. v. Linde Co.*, 336 U. S. 271, 275 (1949) effectively disposes of the question:

> "'* * * A court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error. * * *'"

This rule was applied in the *Graver* case in determining not to review the concurrent findings below that the patentee was not guilty of misuse. 336 U. S. at 280. It should

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* Respondent is still of the opinion that the District Court drew incorrect inferences in initially finding a tie-in or exclusive dealing policy, but in deference to the holdings of both Courts below respondent has refrained from raising the issue of misuse in this Court.

be applied here to petitioner's request for a fourth review of the fact of purge.*

II.

As pointed out *supra*, p. 6, claim 14 covers the dead end in the exact form sold by respondent, and therefore respondent does not sell an "unpatented element." Petitioner made no such contention of misuse, either in its pleadings or in court, until after the Court of Appeals "affirmed in all respects" the holdings of the District Court.**

In an effort to distinguish *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U. S. __, 12 L. ed. 2d 457 (1964), petitioner implies that the dead ends sold by both parties are a "staple article" of commerce and therefore that 35 U. S. C. § 271 (b), (c) and (d) are inapplicable (Pet., p. 13). This is manifestly false, for the District Court found:

> "No debatable question arises in connection with the issue of infringement of Patent No. 4. The de-

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* *United States Gypsum Co. v. National Gypsum Co.*, 352 U. S. 457 (1957) and *United States v. United States Gypsum*, 340 U. S. 76 (1950) are inapposite (Pet., pp. 9-10). As recognized by the Court of Appeals (35-A), these cases emphasize that issues of misuse and purge are largely questions of fact. Although in the earlier *Gypsum* case this Court upheld broad restrictions on U. S. Gypsum's patent position, that decision has no bearing here. The present case does not involve practices comparable to the industry-wide price fixing and patent licensing arrangements which existed in the gypsum industry. Cf. *Switzer Bros. Inc. v. Locklin*, 297 F. 2d 39, 48-49 (7th Cir. 1961), where the Court pointed out that certain remedies (there, divestiture of trademark rights) desirable in a Government suit against "a conspiratorial combine of large economic units" are not appropriate in private litigation involving antitrust infractions by a single corporate defendant.

** Petitioner then employed new counsel, who urged in the Petition for Rehearing by the Court of Appeals that respondent had committed "misuse not heretofore appreciated by the trial court or this Court nor in fact previously specifically pointed out by defendant." (Petition for Rehearing, p. 9.)

> fendant manufactures and sells dead ends identical with the dead ends of Patent No. 4. It is beyond dispute that defendant sold its dead ends knowing the same were specially made and adapted for use in the infringement of Patent No. 4. The evidence discloses a clear case of *contributory and direct infringement* of the article and method claims in suit." (239a.) (Emphasis added.)

Petitioner did not appeal this finding (24-A). Even if claim 14 is disregarded, the unchallenged holding below that petitioner was guilty of *contributory* as well as direct infringement establishes beyond doubt that the devices which petitioner mislabels "unpatented grips" were "specially made and adapted for use in the infringement of Patent No. 4" and cannot be a "staple article" of commerce. 15 U. S. C. § 271(c) (40-A).

That neither petitioner nor respondent sells a "staple article" of commerce is also obvious from the fact that no additional component part is necessary to make the structure which even petitioner concedes to be an infringement of claims 1 and 5* (Pet., pp. 11-12). Petitioner's claim of misuse rests solely on unsubstantiated allegations that respondent's dead ends are not sold in the form of a tubular body, and that "The tubular body [admitted by petitioner to infringe] is formed only by the purchaser's intertwisting of the half-lays with each other (or about a cable)." (Pet., p. 12.)

Petitioner offers no basis for its contention that respondent is guilty of wrongdoing because it does not intertwist the legs of the dead end together before shipment. Certainly *Mercoid Corp. v. Mid-Continent Investment Co.*,

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* In addition to claims 1, 5 and 14, claims 6 and 13, which were found below to be valid and infringed, do not require any additional component part, *i.e.*, a cable to be dead ended.

320 U. S. 661 (1944),* is no basis for such contention. On the contrary, the facts of the present case fit foursquare with the provisions of 35 U. S. C. § 271(d), under which it is *not* misuse for respondent to sell dead ends in untwisted form, if the same act when performed by petitioner "would constitute contributory infringement." As pointed out above, petitioner has not questioned the finding that it is guilty of contributory (as well as direct) infringement.

In *Aro Mfg. Co. v. Convertible Top Replacement Co., supra,* this Court said:

> "* * * Congress enacted § 271 for the express purpose of reinstating the doctrine of contributory infringement as it had been developed by decisions prior to Mercoid, and of overruling any blanket invalidation of the doctrine that could be found in the Mercoid opinions. * * * Hence, where Aro's sale of replacement fabrics for unlicensed Ford cars falls squarely within § 271(c), and where Aro has not properly invoked the misuse doctrine as to any other conduct by CTR or AB, Mercoid cannot successfully be employed to shield Aro from liability for contributory infringement." (l.c. 472.)

Here both petitioner and respondent sell the entire product. No other manufacturer is involved. There is, therefore, no reason for disregarding the plain meaning of Section 271. Petitioner's second ground must be denied.

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* *Dr. Salsbury's Laboratories v. I. D. Russell Co. Lab.*, 212 F. 2d 414 (8th Cir. 1954), is the only other case cited by petitioner decided subsequent to the adoption of Section 271 in 1952 (Pet., p. 13). The case adds nothing relevant to the present consideration as it involves only a staple article of commerce (a common raw material) as contributing to the infringement. 212 F. 2d at 417.

CONCLUSION.

Respondent respectfully submits that this case was rightly decided by the Courts below; that petitioner's first ground involves only a question of fact which has been uniformly and properly decided against it below; that petitioner's second ground is not presented on the record, but that even if it were, it must be decided adversely to the petitioner under the plain meaning of Section 271 (b), (c) and (d); that no novel or significant question of law is raised by the petition; and that the petition should therefore be denied.

Respectfully submitted,

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APPENDIX.

FEDERAL RULES OF CIVIL PROCEDURE.

Rule 52. Findings by the Court.

(*a*) *Effect.* In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b).